



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 43 No. 9

SEPTEMBER

1969

RECENT DEVELOPMENTS OF FOREIGN INVESTMENT IN FINLAND

It has been observed on many occasions that the new investment required to achieve the structural transformation desired in the Finnish economy is of such magnitude that domestic savings alone are not sufficient to finance them. Thus, in order to meet the objectives it will in the future be necessary to rely on capital imports to satisfy part of the financing needs in Finland.

During the past decade capital has been imported mainly in the form of long-term loans whereas inflow of direct foreign investment has remained rather small: long-term loans have been raised abroad at an average rate of nearly 600 million marks a year while the average of foreign direct investment until recently did not exceed 15 million marks annually.

While it is true that international comparisons indicate a low ratio of foreign investment in Finland, the statistics of the Bank of Finland on permissions granted indicate a rising trend, which recently seems to have accelerated sharply (see table 1). Foreign investment in Finland — including direct investment and long-term loans from foreign companies to their Finnish subsidiaries as well as bonus issues by foreign owned companies in Finland — reached an average of 49 million marks per year in the period 1965—1968. In 1969,

thanks to some large projects, there has been a remarkable expansion in the flow of foreign equity capital to Finland; the statistics show that during the first half of the year, the annual averages of preceding years had already been surpassed. As a rule direct investment has formed the bulk of the total representing more than 40 per cent and long-term loans a somewhat smaller share. In the first half of 1969 almost nine-tenths of the total has been direct investment.

TABLE 1. NEW FOREIGN INVESTMENT IN FINLAND, MILLION MARKS

	Direct investment	Long-term loans	Bonus issues	Total
Annual average 1965—1968 ..	21.4	19.2	8.2	48.8
January—June 1969	44.1	2.4	2.6	49.1

Between 1960 and 1968 60 per cent of all new foreign direct investment in Finland originated in EFTA-countries; slightly more than 20 per cent came from EEC-countries and the remainder from the United States. Within EFTA Sweden has traditionally been the most important capital exporter to Finland representing on an

On page 18, Finland's Forestry and Forest Industry up to 2000

average more than one quarter of all foreign investment made during the period under review.

TABLE 2. NEW FOREIGN DIRECT INVESTMENT IN FINLAND 1960—1969, MILLION MARKS

From:	EFTA	EEC	Others	World
1960—1968 (annual averages) ..	9.2	3.3	3.1	15.6
1969 January— June	41.0	0.0	3.4	44.4

Developments during the 1960's have been characterized by the fact that the importance of EFTA as a source of risk capital for Finland has increased. At the same time the relative importance of EEC-countries' capital investments in Finland has fallen remarkably — the share of EEC-countries declined from 40 per cent to 20 per cent. Also in absolute terms EEC investment flows to Finland were greater in the beginning than in the end of this

decade. Actually no new investment has been made by EEC-countries in the first half of this year.

More than 60 per cent of all investment made by foreigners in Finland during this decade has gone into commerce and other service sectors; in other words less than 40 per cent of the foreign capital was invested in industrial production. Investment in Finland from countries outside EFTA is very clearly concentrated in sectors such as marketing, distribution and services, whereas investment from EFTA-countries is more evenly distributed between industrial production and other fields of activity. Here again developments in 1969 deviate from the earlier pattern as more than three-quarters of the funds invested have gone into manufacturing.

August 25, 1969

BANK OF FINLAND

Mill. mk

	1968		1969			
	Dec. 31	July 31	July 31	Aug. 8	Aug. 15	Aug. 22
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	I 477.4	I 482.4	I 359.4	I 358.0	I 378.0	I 371.9
Gold	189.5	191.3	189.2	189.2	189.2	189.2
IMF gold tranche	—	—	173.3	173.3	173.3	173.3
Foreign exchange	I 163.0	I 170.6	852.9	851.6	872.0	866.5
Foreign bills	76.1	74.4	89.6	89.5	89.1	88.5
Foreign bonds	48.8	46.1	54.4	54.4	54.4	54.4
<i>Supplementary note cover</i>	790.3	810.3	880.4	835.4	767.4	828.9
Inland bills discounted						
In foreign currency	25.1	31.8	18.3	18.3	18.3	18.3
In Finnish currency	147.5	133.5	148.0	148.4	153.0	164.7
Rediscounted bills	617.7	645.0	714.1	668.7	596.1	645.9
<i>Other assets</i>	470.5	327.6	369.7	371.9	423.2	374.2
Finnish bonds	135.7	116.7	44.3	44.4	100.1	52.9
Cheque accounts	1.9	2.2	1.7	3.2	1.2	1.8
Finnish coin	11.7	17.3	13.5	13.1	13.1	12.9
Other claims	321.2	191.4	310.2	311.2	308.8	306.6
Total	2 738.2	2 620.3	2 609.5	2 565.3	2 568.6	2 575.0
Liabilities						
<i>Notes in circulation</i>	I 159.6	I 017.0	I 119.8	I 102.9	I 108.1	I 141.6
<i>Liabilities payable on demand</i>	136.5	103.7	125.7	102.4	104.0	120.8
Foreign exchange accounts	62.1	69.9	68.3	71.3	68.9	70.4
Mark accounts of holders abroad	12.4	13.4	6.3	6.8	6.8	6.7
Cheque accounts						
Treasury	3.0	2.6	18.8	9.5	1.3	7.0
Post Office Savings Bank	3.4	2.9	20.3	2.9	2.5	19.6
Private banks	39.2	1.6	0.0	—	12.5	4.9
Other	2.2	1.5	1.0	1.0	1.0	1.4
Other sight liabilities	14.2	11.8	11.0	10.9	11.0	10.8
<i>Term liabilities</i>	546.4	651.3	450.0	447.7	447.2	401.1
Foreign	21.4	159.5	14.6	14.6	14.6	14.6
Finnish	525.0	491.8	435.4	433.1	432.6	386.5
<i>Equalization accounts</i>	400.3	372.9	414.5	412.1	407.7	408.9
<i>Bank's own funds</i>	495.4	475.4	499.5	500.2	501.6	502.6
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	150.0	150.0	172.7	172.7	172.7	172.7
Profits undisposed	—	—	—	—	—	—
Net profit	45.4	—	—	—	—	—
Earnings less expenses	—	25.4	26.8	27.5	28.9	29.9
Total	2 738.2	2 620.3	2 609.5	2 565.3	2 568.6	2 575.0
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	I 477.4	I 482.4	I 359.4	I 358.0	I 378.0	I 371.9
<i>Supplementary cover</i>						
(Upper limit 500 mill. mk; from Nov. 30, 1966 to Dec. 31, 1968, 700 mill. mk)	700.0	700.0	500.0	500.0	500.0	500.0
Total	2 177.4	2 182.4	1 859.4	1 858.0	1 878.0	1 871.9
Note issue						
Notes in circulation	I 159.6	I 017.0	I 119.8	I 102.9	I 108.1	I 141.6
Liabilities payable on demand	136.5	103.7	125.7	102.4	104.0	120.8
Undrawn on cheque credits	5.6	5.3	5.9	6.5	6.4	5.7
Unused right of note issue	875.7	1 056.4	608.0	646.2	659.5	603.8
Total	2 177.4	2 182.4	1 859.4	1 858.0	1 878.0	1 871.9

Rediscount rate since April 28, 1962, 7 per cent.

BANK OF FINLAND

Mill. mk

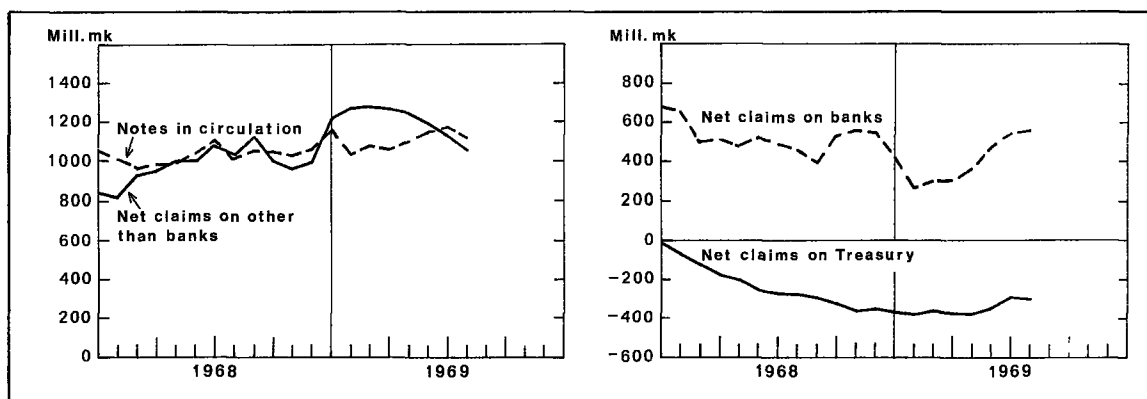
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	— 14.8	4.4	— 10.9
1968	I 352.5	62.1	I 290.4	124.9	33.8	I 381.5	6.7	—361.0	3.0	—357.3
1968										
June	I 346.4	86.1	I 260.3	124.5	303.5	I 081.3	6.7	—276.9	0.0	—270.2
July	I 361.9	69.9	I 292.0	120.5	172.9	I 239.6	6.7	—277.1	2.6	—273.0
Aug.	I 337.0	72.7	I 264.3	117.5	173.1	I 208.7	6.7	—297.2	0.1	—290.6
Sept.	I 340.0	62.0	I 278.0	119.5	172.6	I 224.9	6.7	—329.1	1.0	—323.4
Oct.	I 383.1	59.8	I 323.3	123.9	169.9	I 277.3	6.7	—350.8	11.1	—355.2
Nov.	I 386.1	57.5	I 328.6	122.7	169.6	I 281.7	6.7	—358.5	2.4	—354.2
Dec.	I 352.5	62.1	I 290.4	124.9	33.8	I 381.5	6.7	—361.0	3.0	—357.3
1969										
Jan.	I 448.8	62.7	I 386.1	122.9	30.4	I 478.6	4.2	—378.7	0.7	—375.2
Feb.	I 468.9	45.4	I 423.5	116.6	30.1	I 510.0	2.5	—365.1	2.7	—365.3
March	I 466.6	41.3	I 425.3	130.4	30.6	I 525.1	2.5	—367.1	1.9	—366.5
April	I 454.5	42.9	I 411.6	145.2	27.7	I 529.1	2.5	—369.9	9.7	—377.1
May	I 231.0	61.3	I 169.7	149.3	27.4	I 291.6	2.5	—350.1	0.5	—348.1
June	I 236.2	62.7	I 173.5	143.9	23.1	I 294.3	2.5	—284.0	5.3	—286.8
July	I 215.4	68.3	I 147.1	144.0	20.9	I 270.2	2.5	—283.7	18.8	—300.0

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1968			Net holdings July 31, 1969			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	July	Jan.-July
Gold	190	—	190	189	—	189	—	— 1
IMF gold tranche	—	—	—	173	—	173	—	+ 173
Convertible currencies	I 113	—368	745	626	—122	504	+ 41	—241
Other currencies	— 13	5	— 8	159	3	162	+ 2	+ 170
Total	I 290	—363	927	I 147	—119	I 028	+ 43	+ 101

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1968										
June	694.8	180.5	20.3	0.1	493.9	133.5	223.7	44.9	312.3	1 101.5
July	645.0	167.0	20.2	0.2	457.6	133.5	218.7	45.1	307.1	1 017.0
Aug.	619.2	202.3	17.6	0.0	399.3	135.9	249.8	42.3	343.4	1 054.0
Sept.	677.2	132.6	18.0	0.2	526.4	139.1	259.4	42.2	356.3	1 046.4
Oct.	734.7	148.7	25.7	— 0.0	560.3	131.4	288.1	42.0	377.5	1 035.0
Nov.	719.9	130.4	35.0	0.1	554.4	132.1	323.7	41.3	414.5	1 058.5
Dec.	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1969										
Jan.	452.0	169.5	18.1	0.0	264.4	129.4	352.7	37.3	444.8	1 039.3
Feb.	438.1	123.5	14.3	0.0	300.3	134.0	379.3	32.8	480.5	1 080.3
March	439.8	120.5	15.2	1.5	302.6	129.2	374.6	30.6	473.2	1 064.0
April	491.0	109.1	20.1	0.0	361.8	94.4	367.5	29.0	432.9	1 099.4
May	609.7	119.4	13.7	0.1	476.5	122.8	367.4	28.9	461.3	1 150.0
June	699.6	117.0	37.6	0.4	544.6	137.3	349.9	28.7	458.5	1 177.6
July	714.1	124.1	33.2	0.0	556.8	148.0	327.7	26.7	449.0	1 119.8

¹⁾ Including cash reserve accounts.

DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Consumer co-op. societies	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1960	550.8	680.7	135.9	1 813.6	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1968	832.7	1 087.6	428.4	4 580.7	3 966.4	2 700.2	1 027.2	465.0	12 739.8	14 255.8
1968										
June	668.8	856.9	425.7	4 249.2	3 740.9	2 510.6	965.4	414.7	11 881.0	13 163.6
July	758.1	959.7	381.9	4 262.5	3 747.5	2 518.8	966.8	414.4	11 910.2	13 251.8
Aug.	761.7	970.7	361.8	4 289.7	3 779.4	2 547.3	968.0	414.4	11 999.1	13 331.6
Sept.	785.6	1 001.3	388.1	4 319.2	3 806.3	2 569.3	973.2	425.3	12 093.5	13 482.9
Oct.	761.5	978.1	369.0	4 335.6	3 813.4	2 580.3	977.2	430.5	12 137.3	13 484.4
Nov.	752.7	967.8	365.6	4 374.3	3 858.2	2 608.9	985.4	440.4	12 277.5	13 610.9
Dec.	832.7	1 087.6	428.4	4 580.7	3 966.4	2 700.2	1 027.2	465.0	12 739.8	14 255.8
1969*										
Jan.	869.0	1 091.8	434.8	4 578.8	3 997.8	2 735.8	1 037.8	470.5	12 821.0	14 347.6
Feb.	894.5	1 109.7	461.3	4 598.5	4 031.8	2 775.1	1 051.0	475.5	12 932.3	14 503.3
March	923.0	1 163.0	426.7	4 636.9	4 045.0	2 798.6	1 058.5	478.2	13 017.6	14 607.3
April	893.6	1 139.5	421.2	4 690.5	4 071.2	2 825.8	1 059.0	479.6	13 126.4	14 687.1
May	912.3	1 161.8	421.0	4 756.1	4 115.1	2 851.1	1 054.0	476.8	13 253.4	14 836.2
June	919.6	1 172.9	466.6	4 762.9	4 084.9	2 816.8	1 049.5	474.2	13 188.6	14 828.1
July	910.1	1 160.0	404.0	4 783.5	4 087.1	2 834.2	1 052.4	474.8	13 232.2	14 796.2

End of month	100 % Index-tied deposits	Long-term deposits 6, 12 and 24 months
1968		
Sept.	2 935.0	1 860.3
Oct.	2 400.7	2 225.5
Nov.	1 892.3	2 637.7
Dec.	1 412.7	3 083.7
1969*		
Jan.	723.3	3 699.1
Feb.	92.8	4 359.4
March	13.9	4 558.4
April	0.3	4 609.9
May	—	4 644.4
June	—	4 636.5
July	—	4 614.9

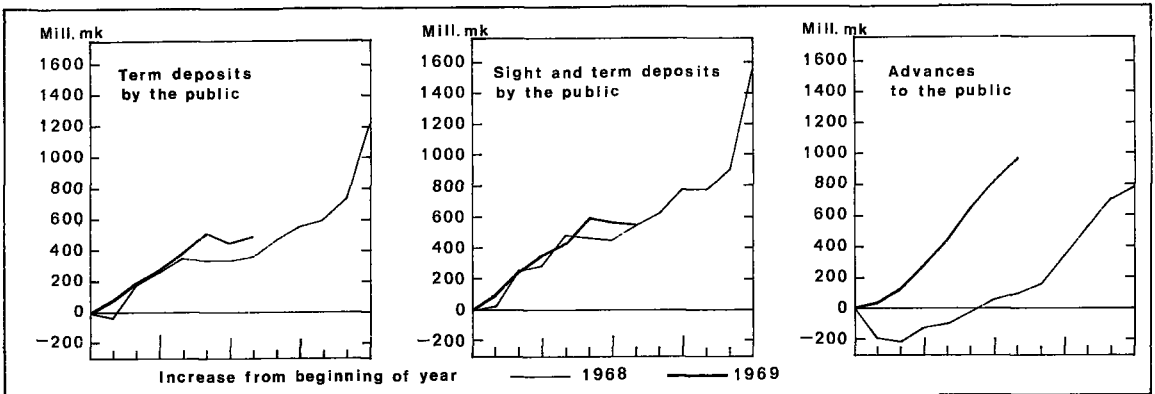
Selling rates for foreign exchange					
Aug. 25, 1969					
		mk	mk		
New York	1 \$	4.2130	Zurich 100 Fr	97.95	
Montreal	1 \$	3.9100	Paris 100 FF	76.00	
London	1 £	10.0450	Rome 100 Lit	0.6720	
Stockholm ..	100 Kr	81.45	Vienna 100 S	16.33	
Oslo	100 Kr	58.98	Lisbon 100 Esc	14.81	
Copenhagen ..	100 Kr	55.96	Reykjavik 100 Kr	4.80	
Frankfurt o. M.	100 DM	105.85	Madrid 100 Pta	6.05	
Amsterdam ..	100 Fl	116.40	Moscow, clear. ¹⁾	1 Rbl	4.6799
Brussels	100 Fr	8.3900	Clearing dollars ²⁾	1 Cl \$	4.212

¹⁾ Also Bucharest.²⁾ Berlin, Budapest, Prague, Sofia, Warsaw.

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 593.3	3 448.4	940.3	2 872.7	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1968									
June	5 288.9	3 297.0	920.8	2 679.2	999.9	12 646.8	539.0	13 185.8	2 316.8
July	5 270.7	3 312.1	932.5	2 701.2	999.2	12 715.1	500.6	13 215.7	2 315.4
Aug.	5 296.4	3 341.7	928.3	2 724.0	997.1	12 791.6	495.9	13 287.5	2 308.4
Sept.	5 388.6	3 372.4	930.8	2 775.5	998.6	12 951.6	514.3	13 465.9	2 378.9
Oct.	5 424.2	3 413.2	927.2	2 813.0	1 074.9	13 145.8	506.7	13 652.5	2 320.8
Nov.	5 528.9	3 446.3	930.6	2 845.1	1 073.3	13 282.8	541.4	13 824.2	2 362.8
Dec.	5 593.3	3 448.4	940.3	2 872.7	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969*									
Jan.	5 590.6	3 450.3	950.6	2 888.7	1 051.4	13 430.2	501.4	13 931.6	2 495.5
Feb.	5 645.7	3 474.7	951.5	2 907.1	1 045.5	13 479.2	545.3	14 024.5	2 602.3
March	5 704.5	3 491.0	958.5	2 920.4	1 106.1	13 638.4	542.1	14 180.5	2 552.9
April	5 802.0	3 515.4	960.5	2 949.7	1 112.9	13 767.8	572.7	14 340.5	2 612.2
May	5 901.6	3 550.1	969.9	2 984.5	1 142.8	13 971.0	577.9	14 548.9	2 673.4
June	6 006.8	3 561.1	978.9	3 007.2	1 178.9	14 139.9	593.0	14 732.9	2 730.9
July	6 039.2	3 595.4	988.4	3 047.7	1 191.8	14 278.9	583.6	14 862.5	2 634.6



STATE FINANCES

Mill. mk

Revenue	Jan. — June		Expenditure	Jan. — June	
	1968	1969		1968	1969
Income and property tax (net)	1 075	1 290	Wages, salaries, pensions etc.	682	813
Gross receipts	(2 538)	(2 973)	Repair and maintenance	115	105
Refunds & local authorities	(—1 463)	(—1 683)	Other consumption expenditure ..	319	318
Other taxes on income and property	20	24	<i>Total consumption expenditure</i>	1 116	1 236
Employers' child allowance payments	227	288	State aid to local authorities	614	688
Sales tax	961	1 095	State aid to industries	418	467
Revenue from Alcohol Monopoly ..	243	240	of which: agric. price subsidies	(321)	(367)
Customs duties & import charges	194	177	Child allowances	162	159
Export levy	278	125	Share in nat. pensions & health		
Excise duty on tobacco	177	201	insurance	200	203
» » on liquid fuel	201	256	Other transfer expenditure	420	506
Other excise duties	49	100	<i>Total transfer expenditure</i>	1 814	2 023
Tax on autom. and motor cycles	65	156	Machinery & equipment	145	129
Stamp duties	89	97	House construction	154	160
Special diesel etc. vehicles tax	20	21	Land and waterway construction	404	354
Other taxes and similar revenue	21	25	<i>Total real investments</i>	703	643
Total taxes	3 620	4 095	Interest on State debt	111	134
Miscellaneous revenue	190	198	Index compensations	18	27
Interest, dividends etc.	61	96	Net deficit of State enterprises ..	44	80
Sales and depreciation of property ..	33	35	Other expenditure	1	3
Redemptions of loans granted	75	95	<i>Total other expenditure</i>	174	244
Total revenue	3 979	4 519	<i>Increase in inventories</i>	1	2
Foreign borrowing	148	125	<i>Lending</i>	226	308
Domestic borrowing	325	450	<i>Other financial investments</i>	62	72
Total borrowing	473	575	Total expenditure	4 096	4 528
Deficit (+) or surplus (—)	— 0	— 76	Redemption of foreign loans	52	57
			Redemption of domestic loans ..	304	433
			Total redemptions	356	490
Total	4 452	5 018	Total	4 452	5 018

Debt	1966	1967	1968	1969				
	Dec.	Dec.	Dec.	Feb.	March	April	May	June
Foreign debt	1 340	1 844	2 074	1 985	1 965	1 961	1 995	1 988
Loans	2 075	2 013	2 160	2 219	2 241	2 221	2 184	2 179
Compensatory stock etc.	96	5	5	4	4	4	4	4
Short-term credit	101	167	320	301	258	244	166	150
Cash debt (net)	—85	—12	—256	—165	—290	—292	—125	—250
Domestic debt	2 187	2 173	2 229	2 359	2 213	2 177	2 229	2 083
Total debt	3 527	4 017	4 303	4 344	4 178	4 138	4 224	4 071
Total debt, mill. \$	1 094	955	1 028	1 037	998	988	1 005	967

BALANCE OF PAYMENTS

Mill. mk

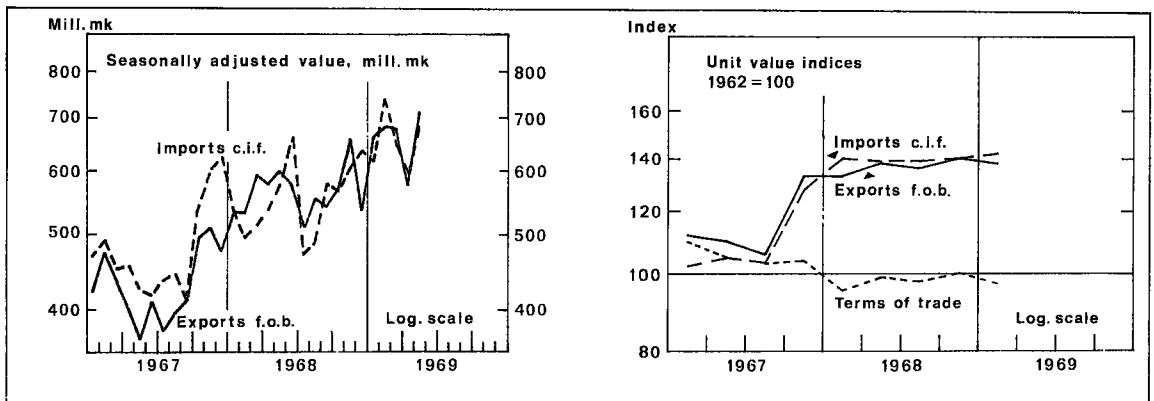
Period	Exports f.o.b.	Imports c.i.f.	Trade balance	Transportation, net	Travel, net	Other services, net	Balance of goods and services	Investment income, net	Transfer payments, net	Balance of current transactions
1965	4 542	5 287	-745	+341	-108	+ 21	-491	-131	+ 15	-607
1966	4 784	5 542	-758	+356	- 96	+ 12	-486	-150	+ 3	-633
1967	5 194	5 816	-622	+416	- 88	+ 17	-277	-209	- 3	-489
1968	6 832	6 730	+102	+481	- 8	- 25	+550	-276	- 5	+269
Jan.-Mar.										
1966	879	1 247	-368	+ 72	- 23	+ 10	-309	- 38	+ 0	-347
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	- 11	-151	- 57	+ 80	-128
Apr.-June										
1966	1 247	1 397	-150	+113	- 31	- 8	- 76	- 36	- 2	-114
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
July-Sept.										
1966	1 275	1 359	- 84	+ 73	- 17	+ 1	- 27	- 40	+ 2	- 65
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
Oct.-Dec.										
1966	1 383	1 539	-156	+ 98	- 25	+ 9	- 74	- 36	+ 3	-107
1967	1 623	1 815	-192	+107	- 12	+ 16	- 81	- 50	- 6	-137
1968	1 959	1 886	+ 73	+ 98	- 12	- 34	+125	- 84	- 4	+ 37

Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1965	+ 434	-273	- 66	+ 3	-509	+146	+ 34	+ 46	-283	+202	+ 81
1966	+ 518	-271	- 61	- 32	-479	+ 53	-114	+185	-355	+321	+ 34
1967	+ 910	-406	- 33	+ 13	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
1968	+1 245	-868	-167	- 81	+398	+235	- 64	+ 28	+597	-664	+ 67
Jan.-Mar.											
1966	+ 89	- 60	+ 2	- 15	-331	+ 43	+243	+ 12	- 33	+ 38	- 5
1967	+ 192	- 66	+ 12	+ 5	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
1968	+ 214	-140	- 54	+ 4	- 69	+168	+191	+ 24	+314	-401	+ 87
1969	+ 311	-201	- 8	- 15	- 41	+112	+147	- 46	+172	-135	- 37
Apr.-June											
1966	+ 116	- 52	- 36	+ 3	- 83	+ 19	-114	+ 64	-114	+121	- 7
1967	+ 315	- 62	+ 2	+ 4	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
1968	+ 396	-214	- 18	- 18	+180	+190	-144	- 56	+170	-233	+ 63
July-Sept.											
1966	+ 111	- 67	- 9	+ 20	- 10	- 3	-121	+ 43	- 91	+ 45	+ 46
1967	+ 251	- 92	- 13	+ 4	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
1968	+ 226	-212	- 14	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
Oct.-Dec.											
1966	+ 202	- 92	- 18	- 40	- 55	- 6	-122	+ 66	-117	+117	± 0
1967	+ 152	-186	- 34	+ 0	-205	- 13	-159	+122	-255	+316	- 61
1968	+ 409	-302	- 81	- 38	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11

Assets: increase —, decrease +. Liabilities: increase + decrease —.
¹⁾ Including Direct investment net.

FOREIGN TRADE

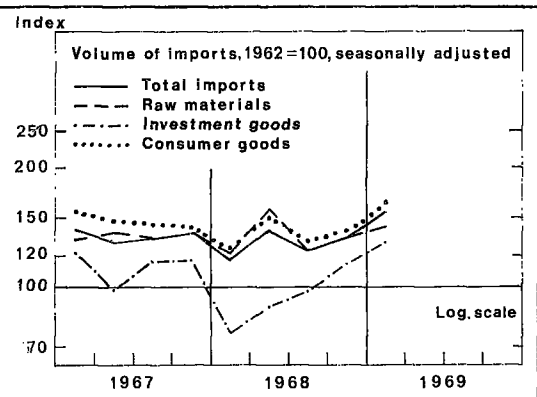
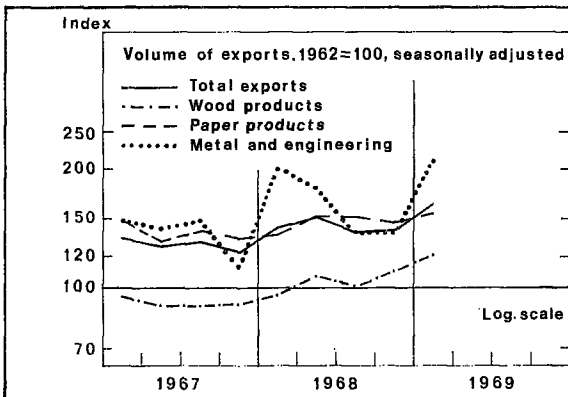
Period	Value mill. mk			Unit value indices 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1964	4 131.9	4 816.5	-684.6	108	109	111	104	113	103	105
1965	4 566.0	5 265.1	-699.1	113	115	123	106	119	104	109
1966	4 816.9	5 524.4	-707.5	112	112	122	105	119	104	108
1967	5 231.2	5 794.4	-563.2	115	114	124	111	117	110	105
1968*	6 874.2	6 710.9	+163.3	137	122	144	131	147	138	99
Jan.-May										
1967	1 889.2	2 314.1	-424.9							
1968*	2 619.4	2 721.7	-102.3							
1969*	3 016.2	3 295.9	-279.7							
1968*										
April	557.3	556.3	+ 1.0	138	114	143	131	157	139	99
May	660.8	655.8	+ 5.0							
June	597.5	609.7	- 12.2							
July	518.2	446.7	+ 71.5	136	133	144	131	136	139	98
Aug.	575.5	470.2	+105.3							
Sept.	595.6	575.7	+ 19.9							
Oct.	668.2	590.0	+ 78.2	140	120	147	131	156	140	100
Nov.	682.4	609.4	+ 73.0							
Dec.	617.3	687.4	- 70.1							
1969*										
Jan.	591.4	632.0	- 40.6	138	118	151	133	131	142	97
Feb.	491.5	667.6	-176.1							
March	623.8	640.1	- 16.3							
April	555.8	615.7	- 59.9							
May	753.7	740.5	+ 13.2							



FOREIGN TRADE BY MAIN GROUPS

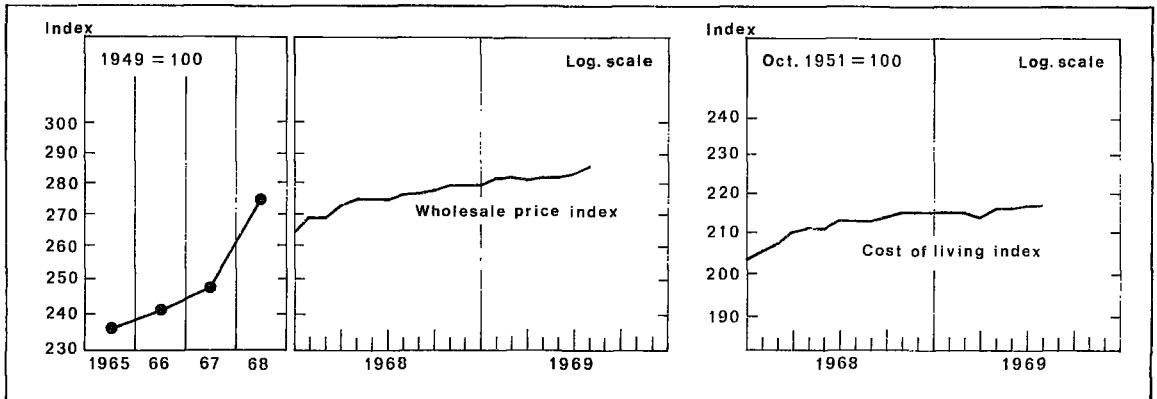
Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1964	230.4	89.8	895.8	2 019.5	610.3	286.1	2 110.7	508.4	1 396.2	801.2
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968*	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
Jan.-May										
1967	103.1	18.6	263.5	945.2	362.3	196.5	972.0	245.9	628.7	467.5
1968*	153.0	18.6	364.9	1 208.4	588.0	286.5	1 202.4	365.6	607.2	546.5
1969*	158.8	15.3	397.8	1 337.3	699.3	407.7	1 323.6	387.2	939.6	645.5
1968*										
April	18.3	3.7	91.3	271.3	119.5	53.2	246.4	65.7	127.1	117.1
May	37.5	7.2	109.8	278.5	157.1	70.7	294.3	88.3	157.8	115.4
June	18.5	4.3	104.3	221.4	186.3	62.7	282.7	74.5	146.4	106.1
July	19.8	5.5	115.1	246.2	88.3	43.3	205.6	51.0	101.3	88.8
Aug.	26.0	7.0	119.6	263.6	92.6	66.7	217.9	76.3	96.4	79.6
Sept.	20.2	6.0	109.2	250.3	130.0	79.9	259.4	88.3	120.4	107.6
Oct.	24.1	6.4	119.5	283.8	150.8	83.6	270.9	61.3	137.9	119.9
Nov.	15.0	5.6	123.4	272.6	182.0	83.8	266.4	84.7	138.0	120.3
Dec.	50.5	2.1	101.7	247.7	148.4	66.9	317.8	72.3	176.4	120.9
1969*										
Jan.	46.3	2.4	91.9	257.8	126.8	66.2	259.3	111.9	138.6	122.2
Feb.	14.3	2.8	53.1	225.7	123.4	72.2	251.4	108.6	198.7	108.9
March	56.3	1.0	68.3	286.2	116.7	95.3	247.8	51.9	201.0	139.4
April	15.3	2.4	59.5	267.5	124.5	86.6	243.6	51.0	184.1	137.0
May	26.6	6.7	125.0	300.1	207.9	87.4	321.5	63.8	217.2	138.0



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f. o. b.					Imports, c. i. f.				
	Whole year		Jan. — May			Whole year		Jan. — May		
	1967	1968*	1968*	1969*		1967	1968*	1968*	1969*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.8	22.7	22.7	20.4	615.9	15.8	15.8	15.1	18.3	603.9
United Kingdom	20.9	20.6	20.5	18.3	552.7	15.2	15.3	14.6	17.7	584.5
Other OECD countries										
in Europe	44.1	46.8	46.2	47.9	1 443.7	53.9	54.5	54.2	54.1	1 784.0
Austria	0.5	0.5	0.4	0.6	19.3	0.9	1.0	1.1	1.1	37.0
Belgium-Luxembourg	2.5	2.4	2.3	2.1	63.3	2.0	2.1	2.2	1.7	56.1
Denmark	3.8	3.7	3.5	4.1	124.9	3.3	3.6	3.5	3.3	108.3
France	4.2	4.0	3.9	4.3	129.1	3.7	3.6	3.5	3.4	110.8
Western Germany	8.6	10.5	9.6	10.1	305.0	16.2	15.5	15.5	15.3	505.1
Italy	3.1	3.0	3.1	2.7	82.0	2.0	2.2	2.4	2.5	81.4
Netherlands	5.1	4.6	4.4	4.0	119.2	3.8	3.6	3.3	3.6	118.8
Norway	2.4	2.6	3.4	2.1	62.6	2.3	2.4	2.3	2.7	87.3
Portugal	0.2	0.2	0.2	0.3	9.2	0.4	0.5	0.5	0.6	19.9
Spain	1.0	0.9	0.8	0.8	25.5	0.5	0.4	0.5	0.4	11.7
Sweden	9.7	10.9	11.0	13.0	391.3	15.4	15.9	15.7	16.1	532.2
Switzerland	1.0	1.5	1.5	1.9	56.5	3.0	3.3	3.3	3.2	106.1
Eastern Bloc	21.2	19.2	18.9	17.6	530.6	20.4	20.9	21.4	15.9	524.6
China	0.8	0.7	0.6	0.2	5.1	0.5	0.4	0.4	0.3	9.8
Czechoslovakia	0.4	0.5	0.4	0.5	16.0	0.6	0.7	0.8	0.6	19.2
Eastern Germany	0.7	0.6	0.6	0.5	15.6	0.9	0.9	0.8	0.6	20.8
Poland	1.4	1.2	0.9	1.8	54.2	1.6	1.6	1.2	0.9	29.1
Soviet Union	17.1	15.5	15.8	13.8	414.9	16.1	16.7	17.7	13.0	428.6
U.S. and Canada	6.0	6.1	7.0	7.6	228.9	4.1	3.7	3.9	5.5	181.1
United States	5.8	5.8	6.8	7.1	215.0	3.9	3.5	3.8	5.3	174.4
Latin America	2.9	2.9	2.9	3.9	119.1	2.7	2.6	2.6	2.4	77.1
Argentina	1.0	0.9	0.8	0.7	20.6	0.2	0.2	0.3	0.3	9.1
Brazil	0.8	0.7	0.6	0.5	14.2	1.2	1.0	1.0	0.8	26.3
Colombia	0.3	0.3	0.3	0.2	7.0	0.8	0.8	0.7	0.6	20.4
Other	3.0	2.3	2.3	2.6	78.0	3.1	2.5	2.8	3.8	125.2
Grand total	100.0	100.0	100.0	100.0	2 262.5	100.0	100.0	100.0	100.0	1 475.3
of which										
EFTA countries	38.5	40.1	40.5	40.3	1216.5	40.6	42.0	41.1	44.8	1 475.3
EEC countries	23.5	24.5	23.3	23.2	698.7	27.7	27.0	26.8	26.5	872.3



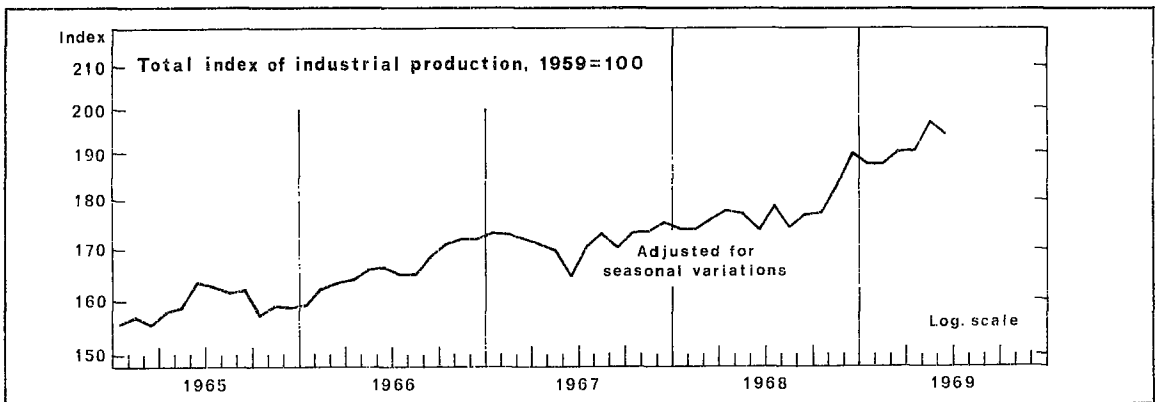
PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1966	241	247	216	245	228	238	271	233	228	108	106	104
1967	248	254	225	246	241	253	276	236	240	114	112	107
1968	275	280	259	271	276	281	301	264	268	126	133	115
1968												
July	276	281	258	270	277	285	302	264	269	127	135	115
Aug.	277	282	258	271	277	285	303	263	270	127	135	115
Sept.	278	282	259	273	277	283	305	264	270	127	135	115
Oct.	279	284	260	275	277	284	309	266	270	127	135	115
Nov.	279	285	260	277	277	284	310	267	270	127	135	116
Dec.	279	284	260	277	277	283	309	267	269	127	135	116
1969												
Jan.	281	285	263	277	285	284	311	268	271	129	139	116
Feb.	282	287	264	278	285	287	315	268	271	129	139	116
March	281	285	264	278	285	283	313	265	271	129	139	117
April	282	286	265	278	286	285	313	269	271	129	139	117
May	282	286	267	280	286	283	309	274	271	130	139	117
June	283	286	270	280	290	284	308	274	273	130	139	117
July	285	288	271	283	291	285	311	277	273	130	139	118

Period	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 100									
			Total	Food	Bever-ages and tobacco	Clothing and foot-wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1966	185	145	..	..	..	..	..	..	..	..	..	..
1967	195	153	100	100	100	100	100	100	100	100	100	100
1968	212	166	109	111	110	106	107	108	109	110	108	109
1968												
July	213	167	110	113	110	107	108	107	109	109	108	110
Aug.	213	168	110	113	110	107	108	107	110	109	108	110
Sept.	214	168	110	113	110	107	108	108	110	109	108	110
Oct.	215	168	111	114	110	108	109	109	110	109	108	110
Nov.	215	168	111	114	110	108	109	109	110	109	109	110
Dec.	215	168	111	114	110	108	109	109	110	109	109	110
1969												
Jan.	215	169	111	114	111	108	110	110	110	109	109	111
Feb.	215	169	111	114	111	108	110	110	110	109	109	111
March	214	168	110	112	111	108	110	110	110	109	110	111
April	216	170	111	115	111	108	111	109	110	109	110	111
May	216	170	111	114	111	108	111	109	110	109	110	111
June	217	170	112	115	111	108	111	108	110	110	110	112
July	217	170	112	115	111	109	111	107	110	110	112	112

PRODUCTION—INTERNAL TRADE

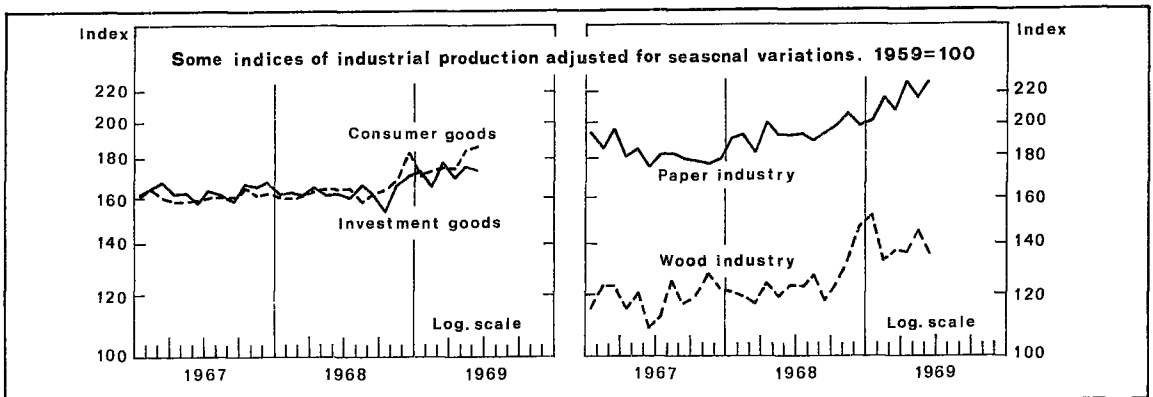
Period	Index of industrial production 1959 = 100									Commer- cial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indices of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1966	167	160	175	151	121	191	163	165	166	46 507	174
1967*	171	164	178	161	119	182	166	175	172	44 963	181
1968*	177	163	185	164	124	193	168	179	178	47 733	176
1967*											
Nov.	186	183	194	170	122	181	185	193	174	2 969	184
Dec.	165	167	173	148	108	164	167	164	175	3 389	182
1968*											
Jan.	181	175	189	165	119	193	180	176	174	3 509	137
Feb.	179	180	188	162	132	192	184	175	174	4 977	158
March	187	184	197	170	135	203	188	185	174	4 898	164
April	178	167	184	168	140	185	174	181	178	4 384	174
May	186	173	194	178	142	199	178	192	177	10 331	188
June	154	145	157	152	106	151	146	165	174	1 875	157
July	133	81	146	120	105	189	86	134	179	955	169
Aug.	174	154	180	169	112	195	158	181	174	1 751	190
Sept.	182	167	191	168	115	203	174	183	177	2 279	193
Oct.	200	183	208	188	129	216	190	206	177	3 353	204
Nov.	194	182	205	174	125	209	189	195	182	3 880	184
Dec.	176	163	186	158	122	180	170	176	190	5 541	192
1969*											
Jan.	196	187	206	177	149	204	192	191	188	5 151	159
Feb.	186	176	196	168	141	207	184	179	187	5 405	168
March	206	204	216	185	158	230	205	199	190	5 349	192
April	191	173	199	180	154	209	181	192	191	4 336	195
May	198	177	205	190	163	209	189	203	197	11 075	203
June	181	165	183	181	123	190	174	191	194	1 937	186



BUILDING — WAGES — TRANSPORT — EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agri-culture	Forestry	Manu-facturing
1966	26.54	11.26	2.80	8.19	3.00	36.34	191	198	200	191
1967	31.34	12.42	2.93	10.83	3.49	31.40	207	216	217	207
1968*	26.44	11.72	2.58	7.64	2.86	34.09	231	232	252	229
1967										
Oct.-Dec.	8.69	4.46	1.10	2.16	0.45	31.40	210	223	232	211
1968*										
Jan.-Mar.	4.85	2.19	0.24	1.84	0.41	29.47	221	226	217	224
Apr.-June	6.16	2.54	0.51	1.88	0.82	33.70	224	229	224	229
July-Sept.	7.65	3.17	0.89	1.88	1.07	34.29	230	234	237	235
Oct.-Dec.	7.78	3.82	0.94	2.04	0.56	34.09	236	235	271	235
1969*										
Jan.-Mar.	4.85	1.97	0.28	1.92	0.50	32.29	..	..	..	..

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 man-months		% of total labour force	
	1968	1969*	1968*	1969*	1968*	1969*	1968*	1969*	1968*	1969*
Jan.	114	115	885	893	772	797	1 792	1 782	5.8	4.6
Feb.	115	113	723	695	603	607	1 772	1 757	5.3	4.4
March	129	131	777	766	687	695	1 767	1 751	5.0	4.1
April	128	121	995	910	767	792	1 763	1 781	4.8	3.8
May	125	123	1 233	1 381	1 109	1 121	1 814	1 831	3.5	2.9
June	103	117	1 466	1 759	1 263	1 373	1 774		3.6	
July	123	127	1 703		1 540		1 553		3.6	
Aug.	124		1 608		1 495		1 683		3.2	
Sept.	120		1 345		1 106		1 773		3.2	
Oct.	133		1 359		1 005		1 804		3.2	
Nov.	125		1 372		968		1 824		3.6	
Dec.	104		1 197		864		1 824		4.0	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

PRE-1963 VALUES ARE GIVEN IN THE NEW MONETARY UNIT, ONE NEW MARK BEING EQUIVALENT TO ONE HUNDRED OF THE OLD MARKS.

BANK OF FINLAND

Page 3. The items of the statement of the Bank of Finland are described in Monthly Bulletin No. 10, 1955, p. 25.

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Export levies (net). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — Cash reserve accounts. — Export levies (net). *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

Commercial bank and mortgage bank figures obtained from the official bank statistics, savings bank figures from the Central Statistical Office, other figures from the respective credit institutions or their central banks.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative credit societies, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks. *Indexed deposits and long-term deposits* are included in term deposits.

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public.

STATE FINANCES

Page 8. Official figures computed by the Economic Department of the Ministry of Finance. First date of publication: Bulletin No. 8, 1968. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Index-tied bond loans are taken at nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank less cash holdings (net) of State departments and funds.

BALANCE OF PAYMENTS

Page 9. Figures are calculated by the Bank of Finland Institute for Economic Research. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indices* (p. 10): The indices are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indices corresponds to the annual level of the Fisher index formula. Terms of trade: the ratio of export indices to import indices. Figures in *diagrams* (pp. 10 and 11) are seasonally adjusted excl. unit value index figures. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDICES

Page 13. All indices calculated by the Central Statistical Office.

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indices: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* compiled by the Ministry of Communications and Public Works. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index* calculated by the Ministry of Finance.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Labour input and unemployment* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin).

SYMBOLS USED

* Preliminary . Less than half the final digit shown . Logically impossible .. Not available — Nil

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6), and Finnish Farmers' Party 1.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 15.8 % of the land in the South of Finland is cultivated (1960), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3 %, are covered by forests.

OWNERSHIP OF LAND (1960): The total land area was distributed among different classes of owners approximately as follows: private 60.9 %, State 31.8 %, joint stock companies etc. 5.6 %, municipalities and parishes 1.7 %

POPULATION

NUMBER OF INHABITANTS (1967): 4.7 million. Sweden 7.9, Switzerland 6.1, Denmark 4.8 and Norway 3.8 million.

DENSITY OF POPULATION (1967): In South Finland 26.0, in North Finland 4.3 and in the whole country an average of 15.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1967): 52 % of the population inhabit the rural areas, 48 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 528 300 inhabitants, Tampere (Tammerfors) 150 200, Turku (Åbo) 148 100.

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 31 %, commerce 9 %, transport and communications 7 %, services 11 %, economically inactive independent persons 11 %.

LANGUAGE (1960): Finnish speaking 92.4 %, Swedish speaking 7.4 %, others 0.2 %.

EDUCATION (1967): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1967): births 16.5 ‰, deaths 9.4 ‰, increase 5.0 ‰. Deaths in France 10.8 ‰ and Great Britain 12.1 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1967, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 295 (9 %), forestry and fishing 1 798 (7 %), manufacturing 7 907 (30 %), construction 2 544 (9 %), transport and communication 1 920 (7 %), commerce, banking and insurance 3 507 (13 %), public administration 1 221 (4 %), other services 5 494 (21 %), total 26 686. Index of real domestic product 109 (1964 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million

cu. ft.), of which pine 43 % and spruce 38 %, the rest 19 % being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56 % of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft).

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha. amount to 17 %, 5 to 15 ha. 48 %, 15 to 50 ha. 30 % and more than 50 ha. 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 100 for 1968 (1964 = 100). Measure of self-sufficiency in bread cereals 81 % in the crop year 1967/68.

INDUSTRY (1966): Gross value of industrial production 20 900 mill. marks, number of workers 356 100, salaried employees 84 200, motive power (1966) 4.2 mill. kW. Index of industrial production 171 for 1967 (1959 = 100).

RAILWAYS (Jan. 1, 1969): Length 5 709 km, of which 5 680 km are State and 29 km private railways.

MERCHANT FLEET (July 31, 1969): Steamers 66 (93 251 gross reg. tons), motor vessels 427 (1 087 734 gross reg. tons), sailing vessels with auxiliary engines 13 (1 608 gross reg. tons). Total 506 (1 182 593 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1968): Passenger cars 580 700, lorries and vans 92 600, buses 7 700, others 4 400. Total 685 400.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1968): Kilometres flown 14.7 million, passengers carried 895 700, passenger kilometres 439.0 million, and ton kilometres of freight and mail 7.6 million.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1966 expenditure amounted to 4 115 mill. marks. Total revenue was 4 141 million, of which income from taxation 2 133 million. The municipal income tax (non-progressive) averaged 12.45 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1968) There are two big and four small commercial banks with in all 822 offices, 350 savings banks, 470 cooperative credit societies and their central bank, six mortgage societies, and POSB. The consumer cooperative societies accept deposits from their members. The National Pension Institute and sixtytwo private insurance companies also grant credits.

RATES OF INTEREST (March 1, 1969). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 %, 6 months' deposits 4 ½ %, 12 months' deposits 5 %, 24 months' deposits 6 %; highest lending rate 10 %.

FINLAND'S FORESTRY AND FOREST INDUSTRY UP TO 2000

BY

LAURI HEIKINHEIMO

PROFESSOR OF FORESTRY ECONOMICS AT THE FOREST RESEARCH INSTITUTE

Forest increment and fellings between 1958 and 1962 were compared in Sweden, Austria, Finland, the Federal Republic of Germany, Norway and Switzerland in a recent publication, "Cost Studies in European Forestry"¹. According to this, Finland had by far the lowest growing stock (68 m³/ha) and mean annual increment (2.1 m³/ha). The mean annual drain (fellings plus losses, 2.6 m³/ha) markedly exceeded the increment, and the ratio of drain to growing stock was 3.8 % compared with 2.7 % in Austria and Norway, 2.5 % in Sweden and 1.8 % in Switzerland. The authors concluded, "Finland is in a precarious situation through overcutting, as the average volume of growing stock per area unit is conspicuously low and the cutting percentage excessively high. As the forestry sector plays an extraordinarily important role in the Finnish economy, a drastic decline of the timber output can have catastrophic consequences for employment of the population and the export trade of the country."

This serious situation was, of course, recognised by scientists in Finland. Several groups of experts had suggested greatly increased silvicultural activity and warned against future expansion in the capacity of the pulp industry, but with little success.

In 1963, however, the Economic Council came to the conclusion that the only possibility of securing a reasonable national rate of economic growth was through a steady increase (e.g. 2 % per annum) in the output and exports of the wood-working industries. A working-group of scientists was again set up to calculate the possibilities and consequences of this programme in the long run.

In its report¹, the group concluded that, unless there were greatly increased forestry inputs, the realization of these national requirements would result in "exhaustion of the present growing stock (stands now growing) by the turn of the century. After that, for at least some twenty years, large-sized timber (saw-logs) could be cut only very sparingly, and then only from new plantations. Only a small part, perhaps 20 per cent at the most, of the need for other industrial wood could be met during the same period." The development of the growing stock according to this prediction, shown in Fig. 1, in fact required a considerably more intensive management programme than was actually realized at the beginning of the 1960's.

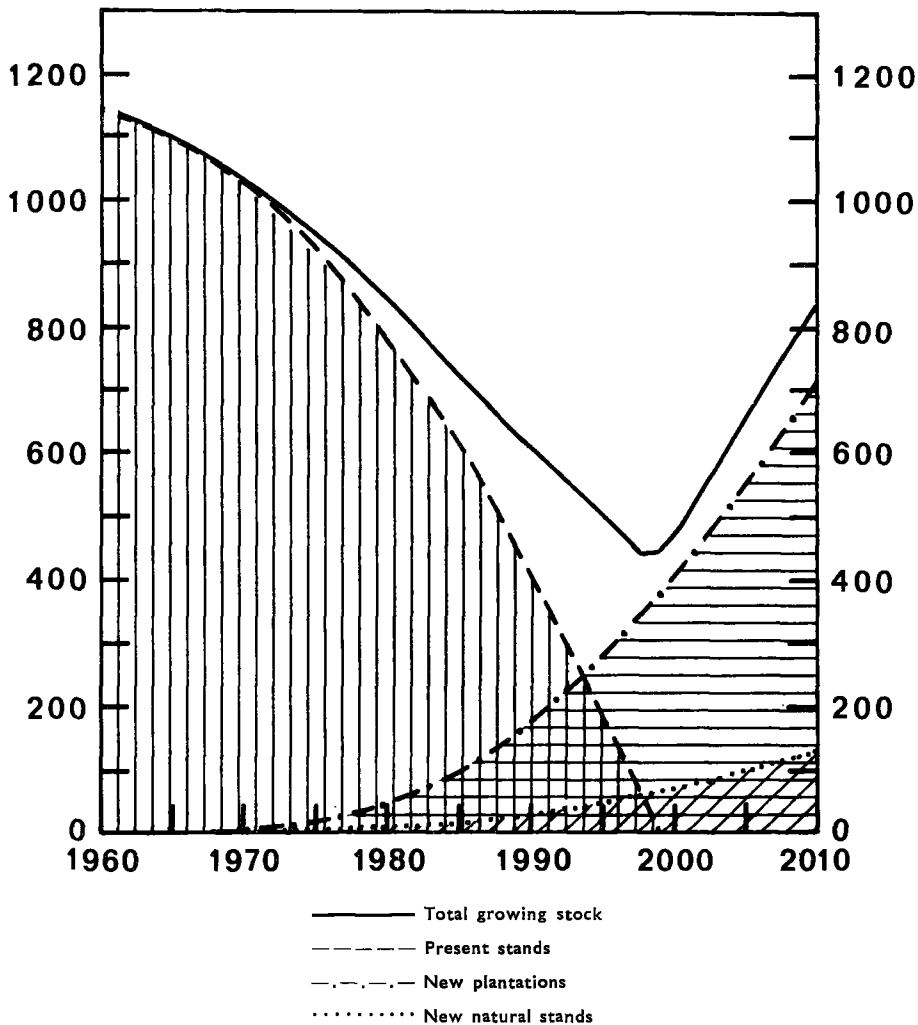
To meet the set requirements of industrial wood (the total drain should increase from

¹) Edited by Einar Stridsberg and Karl Viktor Algreve. *Studia Forestalia Suecica* 49. 1967.

¹) S. Ervasti, L. Heikinheimo, V. Holopainen, K. Kuusela and G. Sirén 1965. The development of Finland's forests in 1964—2000, *Silva Fennica* 117.2.

FIGURE 1. DEVELOPMENT OF THE GROWING STOCK IN 1962—2010

Million solid cu. m
excl. bark



Prerequisites:

Drain in accordance with the forecast rises to 58 million cu. m per annum by 1975, then increases by 0.5 per cent annually.

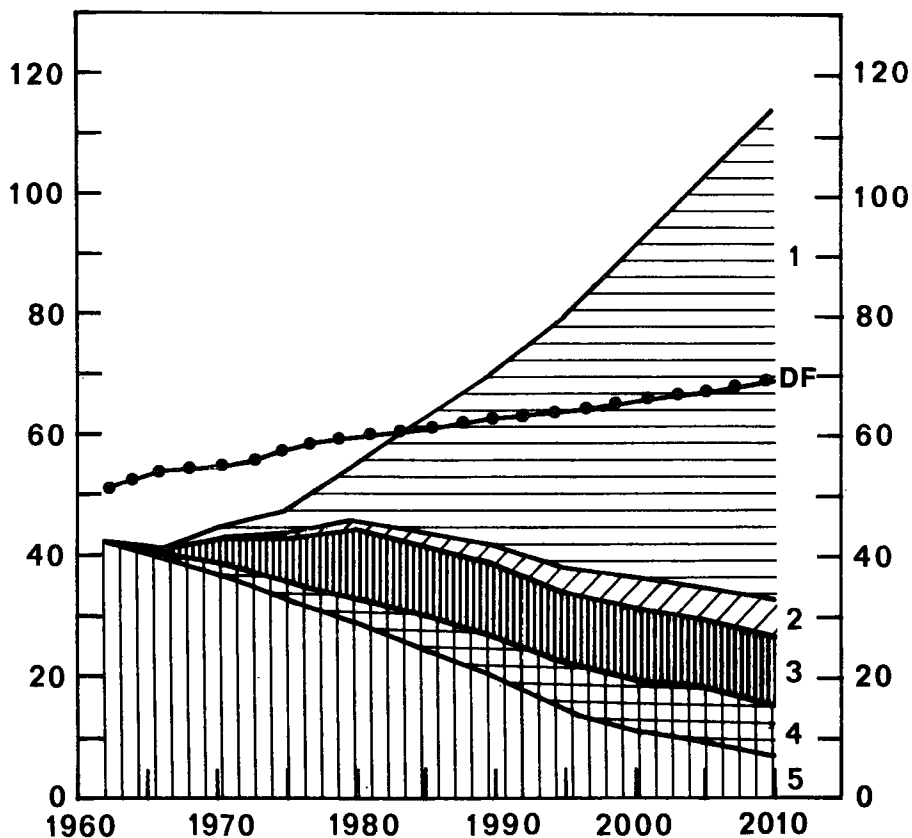
The management programme is realised in accordance with the Teho programme.

51 million cu.m in 1963 to 58 million in 1975 and 66 million in 2000), the group suggested a management programme by which fully stocked, nearly mature forests should be fertilized annually, starting with 100 000 hectares and rising to 1 million

hectares from 1975 onwards. Planting or seeding would be needed on 300 000 hectares and draining on 250 000 hectares a year. Only under those conditions would the forest lands meet the short-term as well as the long-term requirements, although a

FIGURE 2. DEVELOPMENT OF DRAIN AND GROWTH IN 1962—2010

Million solid cu. m
excl. bark



1. Growth, new plantations
 2. Growth, new natural stands
 3. Growth increase due to fertilising
 4. Growth increase due to draining
 5. Growth of present stands
- DF Drain forecast

decline in the growing stock would inevitably take place up to 1980 (see Fig. 2).

This management programme was completed with two financing programmes, called MERA I and II, which meant rapidly increasing state grants and loans to private forest owners (farmers). Total investment

in forestry would grow from 40 mill. marks in 1960 to 150 mill. marks in 1968. These financing programmes were largely approved by Parliament. Also, the forest industry and private forest owners agreed to reduce the export of roundwood. This soon changed to an import, mainly from the USSR, of some 2 mill. cu.m of round-

TOTAL DRAIN FROM FORESTS AND UTILIZATION OF INDUSTRIAL WOOD IN FINLAND IN 1958—2000, ACTUAL FIGURES AND PREDICTIONS. MILL. SOLID CU. M, EXCL. BARK.

	Total drain				Use of industrial wood and waste wood ¹⁾				
	Actual	Predicted			Total			For pulp	
		in 1965	in 1969		Actual	Predicted		Actual	Predicted
			higher (B)	lower (A)	in 1965	in 1969	in 1965	in 1965	
1958	46				24			12	
59	46		higher (B)		25			13	
1960	52			lower (A)	30			14	
61	54				32		higher (B)	17	
62	51				31		lower (A)	17	
63	50				32			19	
64	50				37			20	
65	48	53			38	34		22	
66	47	54			36	36		22	
67	47	54			36	37		23	
68	48	54			37	37		23	
69	50 ²⁾	54			40 ²⁾	38		24	
1970		54	54	53	39	44	44	24	
75		58	59	55	40	48	44	29	
80		59	62	55		51	44		
90		63	68	57		59	44		
2000		66	72	61		66	44		

¹⁾ Including imported wood and wood waste.

²⁾ Preliminary estimates.

wood and waste wood for the pulp industry. In contrast to the export in 1960—61 of more than 5 mill. cu.m of roundwood, this meant an addition of 7 million cu.m to the industrial wood supply. Furthermore, very small size pulpwood as well as many million cu.m of wood earlier left in the forest as waste were salvaged and used for pulp. The industrial waste from saw-mills also came to be almost fully used in pulp-mills.

Under these conditions, the predicted increase in the wood raw material for the wood-working industries could be realized without too great a burden on the total drain (see the above table).

The modest level of the total drain compared with the prediction was due partly to out-of-date statistical data on fuelwood utilization and waste wood. This

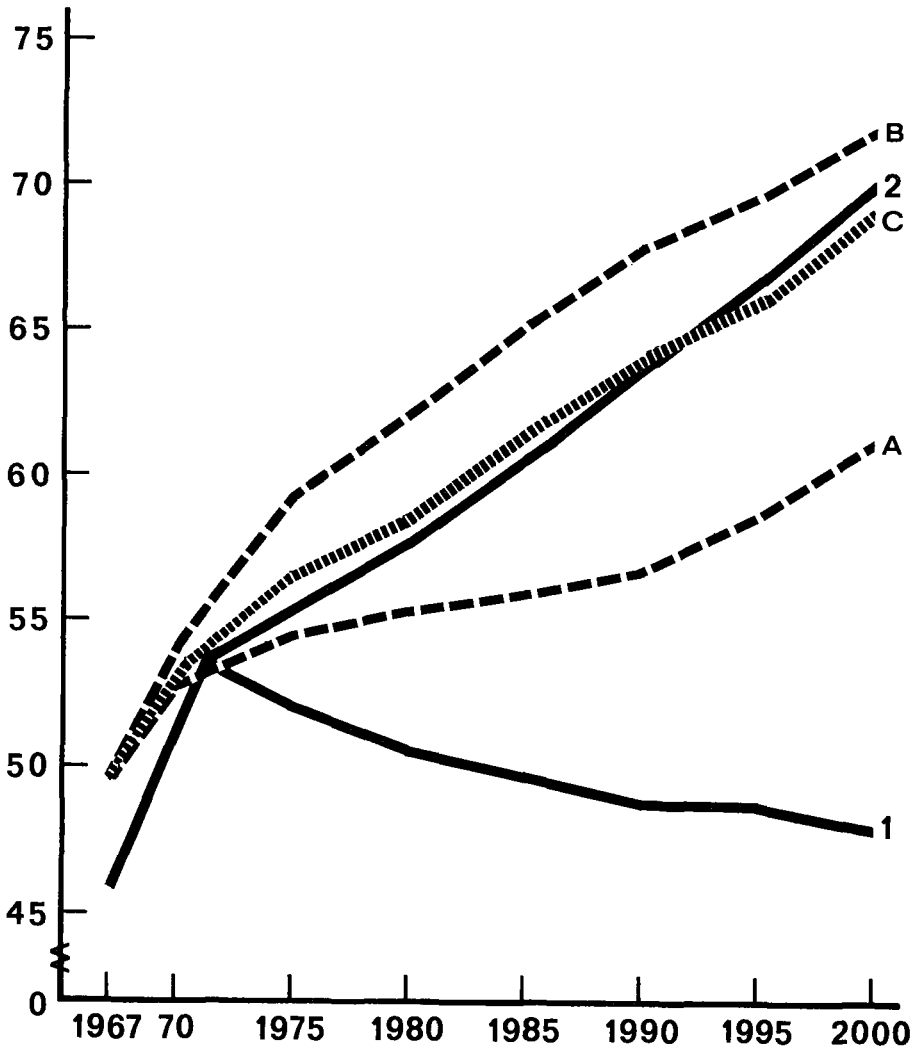
was re-estimated in the latter half of the 1960's and found to be somewhat lower and decreasing faster than earlier predicted.

On the other hand, however, investments in forestry did not expand as fast as planned, partly due to lack of planting material and partly due to a recession in the latter half of the 1960's. In 1968, 132 000 hectares were planted or seeded against 235 000 planned, and 131 000 hectares were fertilized against 223 000 hectares planned. Forest drainage, however, was completed on 274 000 hectares of peatland against 266 000 hectares planned for that year. It is worth mentioning that the planned regeneration area for 1965 to 1968 was largely achieved, if the naturally regenerated areas are also taken into account.

Although a new era with radically increased inputs in forestry as well as in-

FIGURE 3. DRAIN FORECASTS BASED ON INDUSTRIAL EXPANSION (CURVES 1 AND 2)
AND SILVICULTURAL INVESTMENT PROGRAMMES (CURVES A, B AND C)
FROM 1967 TO 2000

Million solid cu. m
excl. bark



1. Industrial expansion: modest
2. Industrial expansion: extensive
- A. Forestry investments: modest
- B. Forestry investments: intensive
- C. MERA financing programme

creased wood and paper industry outputs seemed to have started around 1965, concern over the balance of drain and increment in

the forests of Finland still continues. After the devaluation in 1967, new investments in the pulp industry could be anticipated.

Therefore a working-group was again set up to make alternative forecasts for the Economic Council about possible supplies of raw wood for the expansion of the capacity of the forest industries to the end of the century. This time the short-term calculations were made by districts up to 1971, and the total prognosis for the whole country up to 2000. Also the new agricultural programme, involving the afforestation of some ½ million hectares of poor arable land, was taken into account. Some of the main results are plotted in Fig. 3.

Forecast 1 is based on the assumption that existing investment plans for the pulp and board industries will be fully realized by 1971, but no further expansion of the forest industry's capacity will take place this century. The notable decline of this drain forecast from 1971 onwards is due to the continuously decreasing use of wood for fuel (at present nearly 9 mill. cu. metres).

Forecast 2 is the same as 1 up to 1971 but presupposes thereafter a steady rate of growth in the pulp and board industries in accordance with the lowest FAO prognosis for the consumption of paper and board in Europe.

The modest silvicultural investment programme (A) (involving the planting and seeding of 150 000 hectares per annum, afforestation of a total of 200 000 hectares of arable land, and fertilization of 300 000 ha/year, up to 1980), although not greatly different from the intensity already achieved, would seem to give ample room for expansion in the forest industry in the 1970's and thereafter. The intensive forestry plan (B) would make it possible to realize industrial plan 2, thus allowing Finland

to keep most of its share of the European paper and board market. Plan B is, however, expensive: the annually cultivated area should increase to 300 000 hectares, afforestation of arable land up to 1990 should total 0.6 million hectares, and the area fertilized should increase by 100 000 hectares each year to reach a million ha/year in 1980. The programme for the drainage of bogs should be easiest to achieve; they will probably all be drained by 1980.

A new financing programme for 1970—75 (MERA III) has been set up in this connection. It involves an increase in total investments in forestry from some 160 mill. marks in 1968 to 300 mill. marks in 1975. This programme (C) is a compromise between alternatives A and B and corresponds roughly to industrial programme 2. The MERA III financial plan has not yet been approved by Parliament.

The overall result of the intensive planning in Finland's forestry and forest industry sector thus seems to be a growing optimism. It seems possible for forestry to produce steadily increasing amounts of raw wood for the wood-working industry, thereby allowing a continuous increase in its capacity, if there is corresponding investment. If profits only are taken into consideration, the internal rate of return on investment is often low in Finnish conditions (fertilization can be an exception). However, structural and seasonal unemployment are more or less endemic in the dense forest areas. Thus opportunity costs for labour are low. Given in addition the necessity of increasing exports, properly allocated forestry investment can be justified from the point of view of the national economy.

BANK OF FINLAND

BOARD OF MANAGEMENT

MAUNO KOIVISTO,
Governor (Absent as Prime Minister)

REINO ROSSI, <i>Deputy Governor, present Acting Governor</i>	ESKO K. LEINONEN
A. SIMONEN <i>(Absent as a member of Government)</i>	AHTI KARJALAINEN <i>(Absent as a member of Government)</i>
HEIKKI VALVANNE	JOUKO J. VOUTILAINEN <i>ad int.</i>

DIRECTORS

JOUKO J. VOUTILAINEN	TIMO HELELA
JORMA ARANKO	

SENIOR OFFICIALS

PERTTI TAMMIVUORI, <i>Administration</i>	P.-E. ÖSTERLUND, <i>Foreign payments control</i>
A. KAJANTIE, <i>Internal Audit</i>	HELGE LINDSTRÖM, <i>Credits</i>
A. NENONEN, <i>Foreign correspondence</i>	K. EIROLA, <i>Automatic Data Processing</i>
K. IGNATIUS, <i>Personnel</i>	EINO SUOMELA, <i>Office</i>
STIG TÖRNROTH, <i>Cash</i>	

INSTITUTE FOR ECONOMIC RESEARCH

LAURI KORPELAINEN,
Director

PERTTI KUKKONEN, <i>Head of department</i>	MARKKU PUNTILA, <i>Head of department ad int.</i>
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